

27 February 2013

Media & Publishing
MCOT
MCOT

Current	Previous	Close
BUY	HOLD	48.00

2013 TP	Exp Return	Support	Resistance	CGR 2012
56.00	+ 16.7%	47-46	48.50-50	

Consolidated earnings

BT (mn)	2010	2011	2012	2013E
Normalized earnings	1,423	1,356	1,759	2,035
Net profit	1,423	1,356	1,759	2,035
Normalized EPS (Bt)	2.07	1.97	2.56	2.96
Reported EPS (Bt)	2.07	1.97	2.56	2.96
% Reported EPS growth	2.5	-4.7	29.7	15.7
Dividend (Bt)	1.90	2.00	2.30	2.90
BV/share (Bt)	11.18	11.05	11.31	11.37
EV/EBITDA (x)	12.1	11.9	10.6	9.5
PER (x)	23.2	24.3	18.8	16.2
PER (x) - normalized	23.2	24.3	18.8	16.2
PBV (x)	4.3	4.3	4.2	4.2
Dividend yield (%)	4.0	4.2	4.8	6.0
YE No. of shares (million)	687.1	687.1	687.1	687.1
No. of share - full dilution	687.1	687.1	687.1	687.1
Par (Bt)	5	5	5	5

Source: Company data, FSS estimates

Higher-than-expected 4Q12 net profit; 2H12 DPS of Bt1.30
4Q12 net profit flat Q-Q, but up by 261.8% Y-Y

MCOT's 4Q12 net profit of Bt481mn (flat Q-Q, +261.8% Y-Y) was around 9% higher than our forecast of Bt439mn. This better-than-anticipated result can be attributed to the company's wider-than-expected gross margin (i.e. at 60.6%, vs. our estimate of 56.9%).

2012 net profit showed gain of 30% Y-Y

MCOT's 2012 net profit increased by 30% Y-Y to Bt1.76bn, which was made possible by the post-flood recovery in ADEX and the reduction in the company's tax rate by 7%.

Maintain forecast calling for 2013E net profit to grow by 16% Y-Y to Bt2.04bn

We reaffirm our forecast that calls for MCOT's 2013E net profit to rise by 16% Y-Y to Bt2.04bn. Our upbeat projection is based on: 1) the prospects for continued increases in industry-wide ADEX; 2) the company's programming reshuffles aimed at increasing its exposure to its own TV programs, which currently account for ~47% of its TV programs; and 3) the benefits of the ad rate hikes for 24 of its TV programs by 5% - 25% that became effective starting from early 2013. For 1Q13E, however, we anticipate that MCOT's net profit will deteriorate Q-Q owing to the negative impact of the low season for the advertising industry that normally starts from the middle of the fourth quarter and lasts until the middle of the first quarter of the following year, as well as the fact that MCOT has yet to feel the positive impact of its ad rate hikes. By contrast, we expect the company's 1Q13E net profit to improve on a Y-Y basis.

Raise 2013E TP to Bt56 (vs. Bt50 previously) and upgrade to BUY rating

To reflect the increase in our 2013E PE from 17x to 19x, we revise up our 2013E target price (TP) from Bt50 to Bt56. Note that MCOT's current share price implies an upside potential of 16.7% to our new 2013E TP. Hence, we upgrade our rating to BUY from HOLD. Potential sources of upside to our 2013E net profit projection and 2013E TP include: 1) the possibility that MCOT will be granted a license to become a digital TV network provider in 1H13E; and 2) if its bids for the right to operate 1-2 digital TV channels are successful. Note that the National Broadcasting and Telecommunications Commission (NBTC) plans to hold an auction for the licenses to operate 24 commercial digital TV channels in mid-3Q13E. On the other hand, a potential source of downside risk would be if the degree of industry-wide competition were to intensify. Finally, MCOT has announced that it will pay a DPS of Bt1.30 for its 2H12 performance, which implies a dividend yield of 2.7% (XD date: March 14; dividend payment date: May 8).

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4Q12 Earnings Results						Comment
(Bt mn)	4Q12	3Q12	%Q-Q	4Q11	%Y-Y	
Revenues	1,499	1,515	-1.0	1,097	36.7	<ul style="list-style-type: none"> ■ MCOT's 4Q12 revenue was in line with our forecast. The company's TV ad revenue (accounting for 67% of its total revenue) declined by 4.8% Q-Q, but soared by 51.4% Y-Y. Note that this Y-Y rise was made possible by the low base in 4Q11. ■ MCOT's 4Q12 gross margin of 60.6% was wider than our estimate of 56.9%. ■ MCOT's 4Q12 SG&A expenses were higher than our projection.
Cost of services	591	649	-9.0	586	0.9	
Gross profit	908	866	4.9	511	77.8	
SG&A	331	292	13.5	274	21.7	
Normalized earnings	481	480	0.3	133	261.8	
Net profit	481	480	0.3	133	261.8	
Gross margin (%)	60.6	57.2	3.4pps	46.6	14.0pps	
Norm earnings margin (%)	32.1	31.7	0.4pps	12.1	20.0pps	
Net profit margin (%)	32.1	31.7	0.4pps	12.1	20.0pps	

Source: Company data

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Patumwan, Bangkok

Amarin Tower

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20th Floor, Pleonchit,
Lumpini, Pathumwan,
Bangkok

Sindhorn 1

130-132 Sindhorn Building 1,
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Bangkok

Sindhorn 2

130-132 Sindhorn Building 3,
24th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 3

130-132 Sindhorn Building 3,
19th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sukhumvit 21

50 GMM Grammy Place
15th Floor, Sukhumvit 21 Road,
Klongtuey North, Wattana,
Bangkok

Asoke

159 Sermmitt Tower 17th Floor,
Soi Sukumvit 21, Sukhumvit Road,
Klongtuey North, Wattana,
Bangkok

Silom

191 Silom Complex Building
Unit 2,3-1 21st Floor, Silom Road,
Silom, Bangrak,
Bangkok

Fortune Town

1 Fortune Town Building,
23rd Floor, Zone B3,
Rachadapisek Road, Dindaeng,
Bangkok

Italthai Tower

2034/52 Italthai Tower,
11st Floor, Unit 11-07/01,
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Huaykwang, Bangkok

Thaisummit Tower 1

1768 Thaisammit Tower Building,
2nd Floor, New Petchburi Road,
Bangkapi, Huaykwang,
Bangkok

Thaisummit Tower 2

1768 Thaisammit Tower Building,
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Road, Bangkapi, Huaykwang,
Bangkok

Pinklao 1

7/129-221 Central Pinklao Office
Building, Room 1404, 14th Fl.,
Baromratchonnane Road,
Arunamarin, Bangkokknoi, Bangkok

Pinklao 2

7/3 Central Tower B, Pinklao,
Room 1408, 14th Floor,
Baromratchonnane Road,
Arunamarin, Bangkokknoi, Bangkok

Pinklao 3

7/3 Central Tower B, Pinklao,
16th Floor, Baromratchonnane
Road, Arunamarin, Bangkokknoi,
Bangkok

Central Rattatibet

68/127 Moo 8 Rattatibet Road,
Tumbon Banggrasor,
Aumphoe Muang,
Nonthaburi

Ladprao

555 Rasa Tower 2, 11st Floor,
Unit 1106, Phaholyothin Road,
Chatuchak, Bangkok

Prachachuen

105/1 B Building, 4th Floor,
Thessabansongkhrao Road,
Ladyao, Jutajak, Bangkok

Bangna

1093 Tower 1 Office, 19th Floor,
Room 1093/105 Moo 12,
Bangna-Trad Road, Bangna,
Bangkok

Bangkapi

3105 N Mark Building, 3rd Floor,
Room A3 R02, Ladprao Road,
Klongjan, Bangkapi, Bangkok

Nakornpathom

28/16-17 Yingpao Road,
Tumbon Sanamjan,
Aumphoe Muang, Nakornpathom

Chonburi

44 Vacheraprakran Road,
Tumbon Bangplasoi,
Aumphoe Muang, Chonburi

Samutsakorn

1045/16-17 Wichienchodok,
Tumbon Mhachai, Aumphoe
Meungsamutsakorn,
Samutsakorn

Chachoengsao

233-233/2 1st Floor, Moo 12,
Sukprayoon Road,
Tumbon Namuang, Aumphoe
Muang, Chachoengsao

Chiangmai 1

308 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2

310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Khonkaen 1

311/16 2nd Floor, Klangmeung
Road, Tumbon Nai Meung,
Aumphoe Meung,
Khonkaen

Khonkaen 2

26/9 Moo 7 2nd Floor,
Srijan new Road, Tumbon
Nai Meung, Aumphoe Meung,
Khonkaen

Measai

119 Moo 10,
Tumbon Maesai,
Aumphoe Muang, Cheangrai

Suratthani

173/83-84 Moo 1
Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumphoe Mueang, Suratthani

Hatyai 1

29 Lee Garden Plaza Hotel,
6th Floor, Unit 601/3,
Prachathipat Road, Tumbon
Hatyai, Aumphoe Hatyai, Songkhla

Hatyai 2

106 (Mezzanine) New Season
Hotel, Prachathipat Road,
Aumphoe Hadyai, Songkhla

Hatyai 3

200/222, 200/224, 200/226
Juldiss Hadyai Plaza, 2rd Floor,
Building, Niphath Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Phuket

22/16-17 Vanish Plaza Shopping
Mall, Luangporwatchalong Road,
Tumbon Talad Yai,
Aumphoe Meung, Phuket

Trang

59/28 Huaiyod Road,
Tumbon Thaptieng,
Aumphoe Meungtrang, Trang

Krabi

223/20 Mharaj Road,
Tumbon Paknam,
Aumphoe Meung, Krabi

Pattane

300/69-70 Moo 4,
Tumbon Ruramirae,
Aumphoe Meung, Pattane

Udonthani

104/6, 2 fl., ICBC Bank Tower
Udon Dusadee Road,
Tumbon Mak Khaeng,
Aumphoe Muang Udon Thani,
Udon Thani

Khonkaen

4/6, 2 fl., ICBC Bank Tower
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Aumphoe Meung Khonkaen,
Khonkaen

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Natapon	Khamthakreauu	Derivatives	0-2646-9820	natapon.k@fnsyrus.com

Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

Note: The expected return may change as market risks increase or decline.

Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2012


										Score Range	Rating	Description
ADVANC	BCP	DRT	IRPC	NOBLE	QH	SC	SYMC	TOP		100-90		Excellent
AOT	BECL	EASTW	KBANK	PHOL	RATCH	SCB	THAI	TSST		80-89		Very Good
ASIMAR	BKI	EGCO	KK	PS	ROBINS	SCC	TIP	TTA		70-79		Good
BAFS	BMCL	ERW	KTIB	PSL	RS	SE-ED	TIPCO			60-69		Satisfactory
BANPU	BTS	GRAMMY	LPN	PTT	SAMART	SIM	TISCO			50-59		Pass
BAY	CPN	HEMRAJ	MCOT	PTTTP	SAMTEL	SIS	TKT			<50		n/a
BBL	CSL	ICC	NKI	PTTGC	SAT	SNC	TMB				no logo given	



2S	BROOK	DTAC	HMPRO	MACO	OFM	S & J	SSSC	THRE	TSC
ACAP	BWG	DTC	HTC	MAKRO	OGC	S&P	STANLY	TIC	TSTH
AF	CENDEL	ECL	IFEC	MBK	OSIHI	SABINA	STEC	TICON	TTW
AIT	CFRESH	EE	INTUCH	MBKET	PAP	SAMCO	SUC	TIW	TUF
AKR	CGS	EIC	ITD	MFC	PDI	SCCC	SUSCO	TK	TVO
AMATA	CHOW	ESSO	IVL	MFEC	PE	SCG	SVI	TLUXE	UAC
AP	CIMBT	FE	JAS	MINT	PG	SCSMG	SYNTEC	TMT	UMI
ASK	CK	FORTH	KCE	MODERN	PHATRA***	SFP	TASCO	TNITY	UP
ASP	CM	GBX	KGI	MTI	PJW	SITHAI	TCAP	TNL	UPOIC
AYUD	CPALL	GC	KSL	NBC	PM	SMT	TCP	TOG	UV
BEC	CPF	GFPT	L&E	NCH	PR	SPALI	TFD	TPC	VIBHA
BFIT	CSC	GL	LANNA	NINE	PRANDA	SPCG	TFI	TRC	VNT
BH	DCC	GLOW	LH	NMG	PRG	SPI	THANA	TRT	WACOAL
BIGC	DELTA	GUNKUL	LRH	NSI	PT	SPPT	THCOM	TRU	YUASA
BJC	DEMCO	HANA	LST	OCC	PYLON	SSF	THIP	TRUE	ZMICO

***PHATRA was voluntarily delisted from the Stock Exchange of Thailand effectively on September 25, 2012.



AEONTS	BGT	CMO	GENCO	JTS	LHBANK	NC	PTL	SGP	SWC	TPAC	UT
AFC	BLA	CNS	GFM	JUBILE	LHK	NNCL	Q-CON	SIAM	SYNEX	TPCORP	VARO
AGE	BNC	CNT	GLOBAL	JUTHA	LIVE	NTV	QLT	SIMAT	TBSP	TPIPL	WAVE
AH	BOL	CPL	GOLD	KASET	LOXLEY	OSK	QTC	SINGER	TCB	TPP	WG
AHC	BROCK	CRANE	HFT	KBS	MAJOR	PAE	RASA	SIRI	TEAM	TR	WIN
AI	BSBM	CSP	HTECH	KC	MATCH	PATO	RCL	SKR	TF	TTCL	WORK
AJ	BTNC	CSR	HYDRO	KDH	MATI	PB	RICH	SMIT	TGCI	TWFP	
ALUCON	BUI	CTW	IFS	KIAT	MBAX	PICO	ROJNA	SMK	THANI	TYCN	
AMANAH	CCET	DRACO	IHL	KKC	M-CHAI	PL	RPC	SOLAR	TKS	UBIS	
APCO	CEN	EASON	ILINK	KTC	MDX	POST	SAM	SPC	TMD	UEC	
APCS	CHUO	EMC	INET	KWC	MJD	PPM	SCBLIF	SPG	TMI	UIC	
APRINT	CI	EPCO	IRC	KWH	MK	PREB	SCP	SSC	TNH	UMS	
ARIP	CIG	FNS	IRCP	KYE	MOONG	PRECHA	SEAFCO	SST	TNPC	UOBKH	
AS	CIMBI***	FOCUS	IT	LALIN	MPIC	PRIN	SENA	STA	TOPP	UPF	
ASIA	CITY	FSS	JMART	LEE	MSC	PSAAP	SF	SVOA	TPA	US	

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